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# Japan Report

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19 September 1984

# JAPAN REPORT

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POLITICAL AND SOCIOLOGICAL

SINO-JAPANESE FRIENDSHIP FORUM AGREES ON AGENDA

OW230107 Tokyo KYODO in English 0056 GMT 23 Aug 84

[Text] Beijing, 23 Aug (KYODO)--Japanese and Chinese heads of a bilateral forum for friendship toward the 21st century met here Wednesday and decided four discussion themes for the forum.

The forum, created last March when Japanese Prime Minister Yasuhiro Nakasone made an official visit to China, is scheduled to hold its first meeting in Tokyo on September 10.

Tadao Ishikawa, president of Keio University in Tokyo and head of the Japanese side of the committee for the 21st Japan-China Friendship Committee, agreed on the study agenda in a meeting with his Chinese counterpart Wang Zhaoguo, first secretary of the Communist Youth League of China.

The four discussion topics agreed are (1) What Japan and China should become in the 21st century (2) bilateral exchanges in economic, scientific and technological fields (3) programs for youth exchanges and (4) how to step up exchanges of cultural and academic exchanges.

Ishikawa and Wang agreed the friendship forum would submit recommendation to Japanese and Chinese governments after the forum discussions at their bilateral committee.

The two leaders also reached a basic agreement on the idea of building a Sino-Japanese youth friendship hall in Beijing. Details on the plan will be decided later.

CSO: 4100/274

## POLITICAL AND SOCIOLOGICAL

### BRIEFS

ABE TO VISIT MEXICO--Tokyo, 11 Aug (KYODO)--Foreign Minister Shintaro Abe will visit Mexico September 21-23 before flying into New York to attend the UN General Assembly. In Mexico, Abe will talk with President Miguel de la Madrid Hurtado and Foreign Minister Bernardo Sepulveda Amor. His talks with Mexican leaders are expected to confirm current friendly relations and how to step up the ties between the two countries because there exist no major pending problems other than Mexico's accumulated debt issue and the promotion of Japanese business enterprises in Mexico. Abe will receive the Mexican view on possible political solutions [of] Central American troubles. Mexico is a major member of the four-member Contadora Group. In New York, Abe will deliver a speech at the UN General Assembly on September 26. He will also attend a foreign ministers' conference there of the seven Western nations which took part in the London summit. Abe will stay in New York until September 29, and will have individual meetings with foreign ministers from some 20 countries, including the United States, China, the Soviet Union, Vietnam, the ASEAN countries, Iran and Iraq. Abe will also meet with UN Secretary General Javier Perez de Cuellar. Abe will seek ways of improving the global environment leading to a halt to the Iran-Iraq war through a series of talks with world leaders. In particular, Abe will urge United States, Soviet and French leaders to stop supplying arms to the two warring Middle East nations. During talks with Soviet Foreign Minister Andrey Gromyko, Abe will renew Japan's invitation for Gromyko to visit Japan in an effort to help improve Japan-Soviet relations. Japan plans to observe "African week" from September 28 in its campaign to aid African countries. Abe has ordered Foreign Ministry officials to work out some approach for his call on other nations in New York to join the Japanese campaign for Africa, including the Japanese "starvation lunch" drive aimed at helping raise funds for starving Africans by taking only a simple lunch. [Text] [OW111019 Tokyo KYODO in English 1006 GMT 11 Aug 84]

PRC'S SUPPORT FOR NORTHERN ISLANDS--Beijing, 17 Aug (KYODO)--President Li Xiannian of China renewed his government's support for Japan's claim on the Soviet-held northern territories, when Japanese Ambassador to Beijing Yosuke Nakae presented his credentials on August 11, diplomatic sources revealed here Friday. The president reportedly told the ambassador that China has consistently supported the Japanese position even since the time of China's

friendship treaty with the Soviet Union. China has publicly voiced support for Japan's claim since 1976. In August 1978 it concluded a treaty of friendship with Japan, and in April of the following year broke off its treaty with the Soviet Union. The sources said they understood the president's remarks to mean that even before signing the treaty with Japan, the Chinese had clearly decided to come down on the Japanese side. Concerning the Association for China-Japan Friendship in the 21st century, the president remarked that the two countries should be looking toward friendship in the 22d and 23d centuries. [Text] [OW171233 Tokyo KYODO in English 1215 GMT 17 Aug 84]

CHON TU-HWAN ON TOKYO VISIT --Tokyo, 16 Aug (KYODO)--South Korean President Chon Tu-hwan expressed his intention to visit Japan again after his scheduled official trip to Tokyo in September, a senior official of Japan's ruling Liberal-Democratic Party (LDP) said Thursday. LDP Vice President Susumu Nikaido quoted Chon as saying his three-day state visit will confine him to Tokyo, preventing him from going to other places he would like to visit. Chon was quoted as saying he would like to travel more extensively "next time." Nikaido visited Seoul this week to pave the way for Chon's trip to Tokyo, the first by a South Korean head of state, beginning September 6. During a meeting with Nikaido, Chon said he will try to lay the foundation of "unshakable" relations between the two countries. Nikaido delivered Nakasone's personal letter to Chon, expressing a welcome from a "greater majority" of the Japanese people. Speaking to reporters, Nikaido said South Korean national assemblymen and business leaders asked the Japanese Government to take measures concerning their country's huge trade deficit with Japan and technical cooperation between the two countries. [Text] [OW160507 Tokyo KYODO in English 0438 GMT 16 Aug 84]

CSO: 4100/243

## MILITARY

### BRIEFS

DEFENSE CHIEF TO MEET WEINBERGER--Aomori, 17 Aug (KYODO)--Defense Agency Chief Yuko Kurihara said Friday he would meet U.S. Defense Secretary Caspar Weinberger in Washington on September 24 for Japan-U.S. defense talks during his two-week tour of the United States and Europe starting in late September. Kurihara, meeting reporters at the ground self-defense force's Aomori post where he was on an inspection tour, said he would make the trip to the United States and Europe from September 21 through October 6. On the Japan-U.S. defense talks, Kurihara said bilateral continued talks are necessary to improve trust in the Japan-U.S. security system. The Kurihara-Weinberger meeting is expected to center on Japan's defense buildup such as Japan-U.S. defense cooperation, Japan's defense spending for next fiscal 1985 and Japan's defense buildup program for fiscal 1986-90. Kurihara also plans to meet Adm. William Crowe, U.S. commander-in-chief, Pacific, in Honolulu, and American parliamentarians in Washington, D.C. While in Europe, Kurihara plans to visit the North Atlantic Treaty Organization (NATO) headquarters in Brussels, and go to France and West Germany to deepen Japan's perception as a member of the West. [Text] [OW171041 Tokyo KYODO in English 0933 GMT 17 Aug 84]

CSO: 4100/241



## ECONOMIC

### GOVERNMENT URGED TO DOUBLE OIL, GAS OUTPUT

OW270953 Tokyo KYODO in English 0908 GMT 27 Aug 84

[Text] Tokyo, 27 Aug (KYODO)--A panel of energy experts Monday advised the government to double Japan's oil and natural gas production in its offshore and onshore areas under a five-year development plan ending in fiscal 1990.

The Petroleum Council, an advisory body to the minister of international trade and industry, submitted its wide-ranging recommendations to MITI Chief Hikosaburo Okonogi, calling for implementation of a sixth five-year plan with emphasis on stepped-up exploration for oil and natural gas.

It recommended the government conduct boring at five offshore areas along the Japan Sea coast, including one in the Okhotsk Sea, and five other onshore areas, all facing the Japan Sea from Hokkaido to central Japan.

The council believes some 1.1 billion kiloliters of oil and natural gas (calculated in terms of oil) are deposited in a 400,000-square-kilometer span of seabed in Japan's offshore areas, which are a little wider than Japan.

It also estimates some 300 million kiloliters of oil and gas exist in Japan's offshore areas, mainly in Hokkaido, the country's northernmost main island, and the Tohoku and Hokuriku districts along the Japan Sea.

The government should aim to find oil and natural gas totaling the crude oil equivalent of some 40 million kiloliters in the five-year period--15 million kiloliters in offshore areas and the remainder in onshore areas, the council said.

As a result of prospecting for oil and gas in the proposed 10 areas, the report urged the government to produce 5.8 million kiloliters of oil and gas in the fiscal year ending in March 1991, more than double the fiscal 1983 output of 2.49 million kiloliters--a mere 1 percent of Japan's total oil and gas requirements.

The planned output is broken down to 2.15 million kiloliters in offshore areas and 3.65 million kiloliters in onshore areas, the report said.

The report, which could provide a blueprint for Japan's oil and natural gas development in the next five years, asks the ministry to take fiscal and financial measures to promote exploratory and development efforts by the private sector and strengthen their technological development abilities.

The 10 areas recommended for basic prospecting include Rumoi (onshore) and Kitami-Yamato (offshore), both in Hokkaido, Nikaho in Akita Prefecture (onshore), Sado in Niigata Prefecture (offshore), Kashiwazaki in Niigata Prefecture (offshore), Kanazawa (offshore) and Kazumi in Fukui Prefecture (offshore).

CSO: 4100/289

ECONOMIC

NIPPON KOKAN, U.S. COMPANY TO FORM JOINT VENTURE

OW200437 Tokyo KYODO in English 0416 GMT 20 Aug 84

[Text] Tokyo, 20 Aug (KYODO)--Japan's Nippon Kokan K.K. (NKK) and the U.S. Martin Marietta Corp have agreed in principle to set up a joint sophisticated metal producing company in the United States, NKK officials said here Monday.

They said formal agreement would be reached later this year, subject to government approval.

NKK, Japan's second largest steelmaker, has been exploring for some time the possibility of diversifying into new areas of production due to worldwide recession in the steel industry, company officials said.

They said the new joint venture, to be owned 40 percent by NKK and 60 percent by Martin Marietta would produce sophisticated metals such as aluminum and titanium alloys, taking over the staff and facilities of an existing Martin Marietta subsidiary company plant.

The plant, in Torrance, California, is part of the U.S. firm's wholly-woned subsidiary Martin Marietta Aluminum Inc, and currently produces forged and extruded aluminum and titanium products with a staff of 1,570 employees.

NKK's equity contribution will be some 45 million dollars, the officials said.

Commenting on the agreement Monday, NKK Vice President Yoshinari Yamashiro said he hoped the new joint venture firm would eventually develop new products such as anti-corrosion metals for use in desalination plants and marine equipment.

CSO: 4100/284

## ECONOMIC

### ZERO TARIFFS ON INDUSTRIAL GOODS RECOMMENDED

OW221141 Tokyo KYODO in English 1120 GMT 22 Aug 84

[Text] Tokyo, 22 Aug (KYODO)--A think tank close to the Japanese business establishment Wednesday called for abolishment of tariffs on all manufactured goods as part of the liberalization of the Japanese market to foreign goods and services.

The Japan Economic Research Institute made the proposal in a report by a panel of government and private economists and academicians led by Takuji Matsuzawa, chairman of the Fuji Bank.

The report pointed out that Japan's market was opened to foreign products at the beginning of the 1980's at the level equivalent to European and American markets and its financial market is just about to begin opening itself.

To foster the market opening, it urged the Japanese Government to abolish in principle tariffs on manufactured goods. It would be the first country in the world to do so.

In doing so, Japan should take the lead in promoting the world free trade system in a positive manner, the report said.

The tariff rate in Japan on industry products on average stands at 3 percent, the lowest among the developed nations.

The think tank also urged lifting laws and regulations restricting interest rates on bank deposits and postal savings.

It stressed that the interest rates depend on market principles, saying, "Without the liberalization of interest rates, there are no open financial and capital markets."

At the same time, the think tank team rejected the allegation by foreign countries that the Japanese import of manufactured goods has been remaining unchanged at around 2 percent of the gross national product (GNP) for the past 20 years despite repeated reduction of tariff rates and numbers of products on which import quotas are imposed.

The report said the volume of imports has been increasing in the corresponding period at a pace 1.7 to 1.8 times faster than that of GNP in real terms.

The apparent slow pace of expansion of the import was attributed to the decline of the U.S. dollar against the yen. One dollar was quoted at 360 yen 20 years ago, while it stands for about 240 yen today.

As a result, the dollar-denominated GNP looked to be expanding faster than it really did, the report said.

CSO: 4100/277

## ECONOMIC

### OVER 80 PERCENT OF COMPANIES USE AUTOMATION

OW250859 Tokyo KYODO in English 0844 GMT 25 Aug 84

[Text] Tokyo, 25 Aug (KYODO)--More than 80 percent of Japanese companies are currently using computers, word processors and other office automation machines, and the figure is expected to climb to almost 90 percent in five years, according to a survey by the Labor Ministry.

But the survey, which was released Saturday, found the introduction of a growing number of such machines has so far little affected the employment situation.

The first nationwide survey by the ministry concerning sophisticated office machines covered 6,000 companies and 20,000 employees, according to a ministry spokesman.

It found 81.1 percent of the business firms are using computers, word processors, facsimiles, on-line terminals or other types of what is commonly known as office automation machines. The ratio may go up to 89.3 percent in five years, the spokesman said.

Almost 80 percent of the 20,000 persons surveyed said they think they can keep up with greater mechanization of their office work.

Even among those in their 50s, about 60 percent of them said they will not be left behind the times.

More than a majority of the respondents said the introduction of office machines will not reduce the workforce, according to the survey.

But, in fact, the number of employees has been cut back over the years at about a quarter of companies with a workforce of more than 5,000, the spokesman said.

He said overtime has been also reduced at about 30 percent of the work places covered by the survey due to office automation.

It has been taking its toll, however, as the survey found 58.5 percent of employees using office automation machines complaining about weary eyes and 42.7 percent suffering from stiff shoulders.

The figures are much larger than those registered by non-office automation works, according to the spokesman.

CSO: 4100/271

## ECONOMIC

### MITI TO AID THIRD-WORLD PLANT CONSTRUCTION

OW190713 Tokyo KYODO in English 0643 GMT 19 Aug 84

[Text] Tokyo, 19 Aug (KYODO)--The Ministry of International Trade and Industry (MITI) will actively promote plant construction in developing countries burdened with huge external debts to help rebuild their economies, according to MITI officials.

Specifically, the ministry is considering resuming the extension of yen loans to debt-ridden developing countries which is suspended now, applying the government-supported export insurance flexibility and expanding the scope of projects eligible to yen loans, they said.

The officials said the ministry will send several missions to developing countries to carry out feasibility studies in fiscal 1985 and ask for a budget amounting to 580 billion yen (2.41 billion dollars).

To solve the debt problem of developing countries, one MITI official said, it is necessary to foster export industries in those countries and promote economic cooperation that will enable them to earn hard currencies.

MITI is thus planning to focus on cooperating in building production facilities and industrial plants that will boost exports from debtor nations.

Yen loans from Japan to developing countries have been so far limited to building infrastructures such as roads, bridges, railways and port facilities.

But the ministry is hoping to expand the application of yen loans more flexibly to include various industrial plants, the officials said.

Cumulative debts of some 30 developing countries reached a total of 810 billion dollars at the end of 1983, according to a survey by the World Bank. It is four times the amount 10 years ago.

CSO: 4100/281



ECONOMIC

INDUSTRIAL OUTPUT UP 12.7 PERCENT IN JULY

OW280837 Tokyo KYODO in English 0815 GMT 28 Aug 84

[Text] Tokyo, 28 Aug (KYODO)--Japan's industrial output advanced 12.7 percent in July over a year ago, scoring a double-digit year-to-year rise for the sixth month in a row, the Ministry of International Trade and Industry said in a preliminary report Tuesday.

After seasonal adjustment, the July index of mining and manufacturing production, standing at 117.1 against 100 for 1980, was up 0.2 percent from June, the report said.

Chemical industry output showed an adjusted 2.7 percent rise over June, steel 1.0 percent and electric machinery 0.8 percent, while petroleum and coal product output declined 2.7 percent, transportation machinery 1.4 percent and general machinery 0.6 percent.

Unadjusted July shipments rose 10.7 percent over a year before for the 17th straight year-to-year rise. The shipment index, standing at 112.9 against 100 for 1980, was up 0.8 percent over June on an adjusted basis.

Steel shipments rose 7.2 percent over June, and transportation machinery and general machinery 2.4 percent each, while mining shipments declined 1.8 percent.

Manufacturing inventory in July, rising 3.8 percent from a year earlier, went up 0.6 percent over June for the sixth straight monthly rise as the inventory index came to 100.6 against 100 for 1980.

Industrial output will continue its rising trend for some time although a 0.6 percent fall from the previous month is projected for September in MITI's manufacturing output forecast index after a 1.4 percent rise in August over July, MITI officials said.

CSO: 4100/295

ECONOMIC

SANYO ELECTRIC EXPECTS Y1 TRILLION IN SALES

OW290441 Tokyo KYODO in English 0045 GMT 29 Aug 84

[Text] Tokyo, 29 (KYODO)--Sanyo Electric Co, a major electric appliance maker, is enjoying better-than-expected business this year and expects to boost its sales for the current accounting year ending in November to close to 1 trillion yen (4 billion dollars).

It is projected to earn a net profit of 27.1 billion yen (112.4 million dollars) in the year on sales of 935 billion yen (3.88 billion dollars) on a non-consolidated basis--up 18 percent and 14 percent, respectively--from the previous business year, industry sources said.

The firm attributes its unexpectedly good performance to economic recovery both in Japan and abroad.

Shipments of videotape recorders (VTR), Sanyo's main product, are likely to reach 3.1 million units this year, centering on exports to the United States--an increase of nearly 1 million units from the previous year.

The firm therefore plans to boost its VTR production capacity to 330,000 units a month by the end of the year.

In Britain, Sanyo is now turning out 10,000 BETA-format VTRs a month. In addition, it will start to produce 15,000 VHS-format VTRs a month in West Germany from next month.

Sanyo is also intent on producing 8-millimeters VTRs, which are said to be the "next-generation VTR." It will start to export VTRs of this type to the U.S. this autumn, ahead of other Japanese makers.

Also conspicuous is a steep rise in sales of office automation (OA) equipment, such as personal computers, facsimiles, telephones and copiers. These are projected to reach 70 billion yen (290 million dollars) in the current business year--up 40 percent from the preceding year.

In view of rising demand for plain paper copiers (PPC) capable of duplicating any type of paper, Sanyo is building a copier plant in Kasai, Hyogo Prefecture, to start production in November at a monthly rate of 10,000 units.

In addition, Sanyo's stock of air conditioners has sold out thanks to unusually sultry weather this summer.

In preparation for the 40th anniversary of its founding in 1990, Sanyo is now mapping out a long-term management strategy looking toward the 21st century.

The strategy, aimed at coping with expected changes in society and the economy, will probably place prime stress on energy and electronics in the firm's production. This will likely contribute to bettering the corporate image of Sanyo, now simply known as an all-round maker of home appliances.

CSO: 4100/296

ECONOMIC

FINANCE MINISTER ON INTEREST RATES, TAXATION

OW220317 Tokyo KYODO in English 0303 GMT 22 Aug 84

[Text] Osaka, 22 Aug (KYODO)--Finance Minister Noboru Takeshita Tuesday said that he has no intention for the present to liberalize interest rates on small bank deposits.

"It stand to reason to consider decontrolling interest rates on large deposits in the first place, as is clear from the case of the United States, for instance," he said.

He was speaking to newsmen after arriving here for talks with business leaders in the Kansai (Western Japan) District.

Takeshita also took a dubious view of a persistent demand for reduction of corporate tax voiced by the nation's business community.

"The time is not yet ripe for such action," he said.

The minister also said that it is problematical whether a corporate tax cut could convince the general public at a time when the government is striving to reconstruct deficit-ridden national finances without any tax increase.

He said the matter should be threshed out first by the quarters concerned, including the tax system council, an advisory body to the prime minister.

When asked on moves in the private sector for upward revision of the projected economic growth rate for the current fiscal year ending next March in view of a smooth pickup in the Japanese economy, the finance minister avoided comment except to say that there is no need yet to discuss such a problem.

CSO: 4100/279

ECONOMIC

TWO U.S. BANKS LINK UP WITH SECURITIES FIRMS

OW150835 Tokyo KYODO in English 0816 GMT 15 Aug 84

[Text] Tokyo, 15 Aug (KYODO)--Two major U.S. commercial banks have basically agreed with leading Japanese securities firms to enter into a business tieup on trust business in Japan, paving the way for their entry into Japan's huge corporate pension fund market expected to total 60 trillion yen (247 billion dollars) in 10 years, financial sources said Wednesday.

Chemical Bank and Citicorp, the parent company of Citibank, have recently reached broad agreement to tieup with the investment advisory arms of Yamaichi Securities Co. and Daiwa Securities Co., respectively, to seek advice on their management of Japanese stocks and the trusteeship of Japanese corporate pension funds, Yamaichi and Daiwa officials said.

The final shape of tieups is yet to be determined, the officials said, but there is a possibility of joint venture investment advisory firms being established in the near future.

A Yamaichi spokesman said the tieup with Chemical Bank will become effective early next year pending adoption by the Finance Ministry of concrete guidelines for approving the entry of foreign banks into trust business in Japan.

The ministry announced last May a policy of permitting foreign banks to start trust business in Japan alone or in a tieup with Japanese securities firms or trust banks.

Two other major Japanese brokerage houses--Nomura Securities Co. and Nikko Securities Co.--are expected to follow suit by tying up with Morgan Guaranty Trust Co. and Bank of America, respectively.

In another development, major Japanese banks also are expected to start investment advisory businesses early next year as their foreign counterparts will make inroads into the Japanese trust business.

The Finance Ministry plans to conduct hearings from Japanese banks wishing to branch into the promising pension fund market in the form of investment advisory services in rivalry with foreign banks, ministry officials said.

## ECONOMIC

### LDP, CONSTRUCTION INDUSTRY RELATIONS DISCUSSED

Tokyo SEIKAI ORAI in Japanese Aug 84 pp 26-31

[Article by Shinpei Hamamoto]

[Text] "Prominent leaders of the construction industry came to see us at the Federation of Economic Organizations. They were aware of the firm opinion of the financial circles regarding the proposed administrative reforms, but they explained that because of the position they were in, they came to make an appeal to us for the expansion of public works...."

Thus Yoshihiro Inayama, president of the Federation of Economic Organizations, revealed his feelings at a press conference immediately following a talk with such representatives of the construction industry as Rokuro Ishikawa, president of the Kajima Construction Company, and Kiichi Noji, chairman of the Shimizu Construction Company. Then, taking advantage of the opportunity, he expressed his opinion on the problem of public works and the administrative reforms in the following words:

"The era when we had only to advocate the expansion of public works as if harping on an old theme is long gone. That no longer makes people happy. It was acceptable when the financial situation of the nation was affluent. But since we have increased only debts, that is, deficit-covering government bonds, if we insist on the expansion of public works, it will leave problems to posterity...."

Chairman Ishikawa of Kajima Construction is a prominent financier who has been mentioned as the prospective chief secretary of the Japan Committee for Economic Development. As we have seen, financial organizations, including chairman Noji, have been monolithically promoting the administrative reform movement. Then, what are the construction industry circles aiming at by resorting to the use of force in a bold and challenging manner? Or is it possible that companies in the construction industry have been driven into such a serious condition that they cannot accept the minus ceiling as stipulated in the proposed administrative reforms?

#### Blindly Following Nakasone's Advocacy of Positive Finance

To clarify the background of this situation, it is necessary first of all to examine how the move against the minus ceiling suddenly erupted. Its

beginning was provided by Prime Minister Nakasone's remarks at the general meeting of the Federation of Economic Organizations on 25 May. Prime Minister Nakasone expressed his view in this way: "As we have continuously harped on the theme of the zero ceiling or the minus ceiling, people have become tired of it. It is my thinking that within the bounds of the framework established by the proposed administrative reforms we should positively carry out whatever is promising in the future. For the industry circles I would like to put the emphasis on the development of new technology and on the promotion of large-scale projects." As they listened to this passage alone, leaders of the Federation of Economic Organizations who attended the meeting did not feel that Prime Minister Nakasone would question the proposed administrative reforms and loosen the hoops of the minus ceiling. However, some newspapers underscored his reference to "people have become tired of" and emphatically reported the prime minister's advocacy of reassessing the minus ceiling.

The chain reactions occurred immediately. Minister of Construction Mizuno, who was inspecting the construction of the suspension bridge between Honshu and Shikoku, remarked at a press conference held on the spot to take advantage of the opportunity that "limited only to public investment, it should be removed from the minus ceiling. Otherwise, it cannot fulfill the goals of national land construction and social capital."

"We cannot let only the minister of construction look good," so the ministers of welfare, agriculture and forestry and other ministers, too, competed each other in making an appeal for switching to positive finance. Especially Komoto, minister of the Economic Planning Agency, who has always advocated positive finance, thought that it agreed with his view and he put forth his pet theory: "Financial deficits would disappear all at once if we carry out large-scale tax cuts and large-scale public investment. For when the economy is fully recovered, we can look for a natural tax revenue increase. I do not understand why they are hesitating."

Demand for reviewing the minus ceiling was not limited to the remarks of ministers alone. The three top-ranking officials that manage the Liberal Democratic Party (LDP) also repeated their bold statements. Both chief secretary Tanaka and Kanemaru, chairman of the Executive Board, made moves to correct the orbit of the proposed administrative reforms. Then, Fujio, chairman of the Policy research Committee, who is known as a ruffian of the Fukuda faction, raised his fist to stress, "We emphasize that the Ministry of Finance or the financial circles do not decide budget or policies. We in the LDP may decide as we wish. It is outrageous that Ministry of Finance officials have championed the cause of the 'god of the administrative reforms' (chairman of the Ad Hoc Council for the Promotion of Administrative Reforms, Toshio Doko)...."

Not only the LDP but also all other opposition parties took advantage of the opportunity. The Socialist Party and the Clean Government Party one after another criticized the minus ceiling policy and unfolded as usual their advocacy of the importance of social welfare. Because the Communist Party would do anything to shake the administration and the government, it followed suit after the Socialist Party and the Clean Government Party.

## Allergic Responses to the "Breaking Down of Administrative Reforms"

To such moves the Ministry of Finance and leaders of the financial circles responded with bitterness. It was natural that the Ministry of Finance would because of its position in the formulation of budget. But the indignation of the leaders of the financial circles was extraordinary.

"What is this? That scoundrel Fujio (chairman of the Policy Research Committee) got carried away.... Wasn't it Prime Minister Nakasone, the LDP boss, who came to the financial circles (the Ad Hoc Council for Administrative Reforms) for consultation on formulating next year's budget? This is all topsy-turvy."

Leaders of the financial circles all in unison made rebuttals at public meetings. Chairman of the Federation of Economic Organizations Inayama, who is known to be flexible, also emphasized without losing time and with indignation that "Everyone wants positive finance. But who on earth is going to scrape up the money? Now is the time when the bleeding (from deficit financing) should be urgently stopped."

Chairman of the Japan Federation of Employers' Association Fumihei Otsuki, who as acting chairman supports chairman Doko of the Council for Administrative Reforms, also repeatedly emphasized, "Administrative reforms have just gotten under way. Why do they talk about abandoning the administrative reforms after losing their minds? I wish that the prime minister would exert his leadership with a firm posture." Also, the Secretariat of the Federation of Economic Organizations hurriedly compiled views needed for the minus ceiling and widely announced these views to reporters. According to these views, if we accept budgets based on the minus ceiling for 3 years beginning in 1985, we can unfailingly realize a surplus budget beginning in 1988. Thus these views present a rosy outlook on the future.

Under these circumstances, on 22 June the financial circles mobilized 500 representatives from the economic circles under the sponsorship of the five-man Committee for Administrative Reforms to stage a "Rally for the Promotion of Administrative Reforms." Among them, Noboru Itsushima, president of the Japan Chamber of Commerce and Industry, with his personal feeling as Prime Minister Nakasone's friend, read this stern resolution: "All quarters of the nation want the administrative reforms. Even small and medium businesses throughout the nation prefer administrative reforms over half-cocked public works. For unless you swallow bitter pills now, you will not be able to shake yourself free from pills. We request that the administrative reforms be resolutely carried out."

While the financial circles were making violent allergic responses to the "attempt to break down the administrative reforms" as originated in the LDP circles, it was unfortunate that former foreign minister Miyazawa (acting chairman of the Suzuki faction) made an appeal for the "asset-doubling plan." Depending on the time and manner of presentation, this appeal might have received an applause from the public.



At any rate, Mr Miyazawa was one of the members of the inner circle of the late Prime Minister Ikeda who carried out the income-doubling plan. He is the leader of the Suzuki faction, which is credited with the accomplishments in the long- and medium-term plans, and his plan has validity. But for this time, its timing was extremely bad. A certain powerful financier denounced Mr Miyazawa in these words: "I do not understand why the prince of the LDP started saying something foolish. It is truly regrettable also for Mr Miyazawa's future. Miyazawa himself and his circle might have expected it to be the best. But if you take the situation into consideration, it was a wrong choice."

#### Staged ? "Asset-doubling Plan"

As we traced Mr Miyazawa's asset-doubling plan, we have found that it somehow was to appear first in the magazine, BUNGEI SHUNJU. But, probably because they judged that a sudden publication in a magazine was not an effective means of publicity, the plan was announced 2 weeks ahead of the publication in the magazine. Unfortunately, its timing seemed to be in the middle of the anti-minus ceiling criticism by the financial circles.

But to review it with detachment, the asset-doubling plan and the criticism of the minus ceiling seem to be inseparably interrelated, and there seems to be some suspicion of collusion. It has now become a strong view that although these two themes were presented to the public in different forms, the staging of the two were somehow carried out by the same person or the same group.

Then, which circle suggested this to the prince of the LDP, and furthermore who won powerful politicians to their side?

To sum up the stories of those who are familiar, the overwhelming view is that it was unmistakably the construction industry circles. Needless to say, the construction industry is known as a "political industry" which is rather closely related to political and government circles. It is not too much to say that in bidding for and receiving orders the construction industry circles cannot avoid associating with politicians and administration officials.

Conversely, construction industry circles pride themselves on the fact that the "construction industry is the largest industry in Japan." In other words, even if the iron and steel and automobile industries are reputed to be big industries, these industries involve at most 2 to 3 million people, including their subcontractors and distributors. Against this, the construction industry claims that its base is broad. Thus the number of families involved in this industry is 5 to 6 million households, and in terms of population, it easily surpasses the 10 million level.

With such a broad base, no matter what others may say, the construction industry is a very big power as a vote-collecting machine for elections. Its funds never fall behind those in the iron and steel and automobile industries. Thus the construction industry circles and the political circles have deepened their mutual relations through both business and elections.

There are grounds for the LDP, too, to jump at such an approach. Not only has the repayment of funds used in the general elections toward the end of last year not been completed, but they must also gradually busy themselves raising funds if they are to face the party president election this fall. There is nothing like solving the fund problem by responding to the approach from the other party.

- (1) Doko-school Administrative Reform Hall
- (2) Minus Ceiling
- (3) Construction Industry Circles

No matter what they may say, both the asset-doubling plan and the breaking down of the minus ceiling will directly benefit the construction industry circles. The expansion of public works expenditures is directly related to the increased volume of business. Also, according to the asset-doubling plan everything from urban redevelopment to the construction of individual residences is aimed at expanding assets, and this will bring active business to the construction industry.

In front of Inayama, chairman of the Federation of Economic Organizations, who is the "prime minister of the financial circles," leaders of the construction industry acted as though they were making the appeal reluctantly when they said, "Because the pressure from below was so strong, we, forced by the responsibility of our positions, are asking this unreasonable favor...." But an investigation of various circumstances surrounding the situation reveals that their act was a pretense. There is considerable suspicion that they were the ringleaders who staged the show for breaking down the minus ceiling. Are the construction industry circles in such a difficult position that they had to resort to forceful pushing actions?

The largest reason would be still the rapid plunge in their business. Those companies which had the March settlement all showed either increased revenues with reduced profits or decreased revenues with reduced profits. Such a condition is unprecedented in the postwar history of the industry.

For instance, in the field of general construction the Taisei Corporation's sales were 907.7 billion yen (compared to 845.5 billion yen in the preceding period), thus showing an increase. But its business profits were 32.8 billion yen (compared to 33.4 billion yen in the preceding period), and its ordinary profits were 31.1 billion yen (compared to 33.5 billion yen in the preceding period), both showing a decline.

Obayashi-gumi, Ltd also showed an increase in its sales from 644.7 billion yen to 689.8 billion yen, but its business profits dropped from 33.8 billion yen to 32.9 billion yen. Only the Shimizu Construction Company increased both its sales from 871.8 billion yen to 964.1 billion yen and its ordinary profits from 36.4 billion yen to 36.7 billion yen.

As a specialist who is familiar with the behind-the-scenes activity of the construction industry pointed out, "Shimizu is rather an exception. That company received the Deming Prize only last fall, and it cannot afford to reduce its business. We cannot help feeling that the company has manipulated the settlement figures. As evidence of this, without mentioning the examples of Kajima Construction and the Takenaka Komuten Company, 'Deming Prize' firms have all been out of breath for 2 or 3 years from carrying over the large-scale reduction in their businesses."

According to the present estimate, the much talked-about Kajima Corporation is expected in its November settlement to show a large-scale revenue and profit reduction, its sales from 942.6 billion yen to about 900 billion yen and its ordinary profits from 38.6 billion yen to 29 billion yen. Even the exceptional Shimizu Construction, is expected to show in its March 1985 settlement a similar large-scale reduction in revenues and profits as in the case of the Kajima Corporation.

Among the construction industry circles, the Hasegawa Komuten Company, which is noted for its construction of expensive multi-story condominiums, suffers most from its unfavorable business. With its May 1982 settlement as a peak, it plunged in its sales from 227.6 billion yen to 230 billion yen (1983 actual), and to 175 billion yen (1984 estimate); its ordinary profits were

also reduced from 28.6 billion yen to 18.6 billion yen (1983 actual), and to 10.5 billion yen (1984 estimate). An informed source explains, "At any rate, the Hasegawa Komuten Company overstrained itself, as you see. Since the company was a producer of the condominium boom, it madly built condominiums, defying common sense. Even in that, instead of building delux ones, the company rushed in to the mass production method, with the result that some were of shoddy quality. Among industrial circles the condominiums built by Hasegawa Komuten are treated as used ones at continuously declining prices."

#### Could Not Care Less About Appearance

The business decline of the construction industry became apparent also during the reaction period following the oil crisis. But in the previous period it maintained a level of orders received and was also helped by the recovery in an automatic reversal, and its business did not deteriorate seriously. But currently, in spite of the fact that there is no change in the world situation, the construction industry is expected to show a settlement with as much as 20 to 30 percent reduced profits. A leader from general construction confided, "The cause of the decline is evident to everyone. It is due to the zero ceiling, the minus ceiling of public works expenditures. We have reached a point where we could not care less about our appearance, because as financiers ourselves we will be bankrupt in the face of the administrative reforms...."

Up to now construction industry circles have not been able to bring the predicament of the industry to the fore. Its cause is that problem of collusion. The business activities that had been taken for granted in the industry have now suddenly become the target of social sanctions. Even if their business activities were not carried out smoothly, from the standpoint of "suspects" they could not issue rebuttals or just arguments. A staff member of the National Police Agency unwittingly recollected, "As far as collusion and profit offers (which are violations of the new business law) are concerned, these cannot be prosecuted as crimes without indictments from the inside." Thus the recent case of collusion was caused unmistakably by "squealing" by people in the same industry.

The hidden squealing to "attack people in the same trade" was not conceivable during the high-growth period when the construction industry was more prosperous than ever. But after moving on to a low-growth period when activities for receiving orders cannot be conducted freely, as revenge on the rival who has won jobs away, people have no hesitation in squealing to sell out their friends, disregarding a sense of obligation and everything else.

Because of such squealers, at that time even the economic circles regarded construction companies with contempt, for collusions were carried out half-openly even in the general business circles. If one exposed collusions, those concerned would lose both the principal and the interest. For this reason, there was strong criticism against the construction industry as a "disgrace to the economic circle."

But 4 years have already passed since that unpleasant incident of collusion. Judging from the belief that "even if we gradually engaged in public activities, it would not cause the antipathy of society," the leadership group of the construction industry in unison launched the movement for the expansion of public works.

Even in that movement their refined act with meticulous attention to all quarters concerned becomes conspicuous. For instance, if they simply demand the expansion of public works expenditures, society's reactions to it will be too strong. For this reason, they demand that the framework of public works be expanded by an increased issuance of government construction bonds. They also make their demand in such a manner that construction regulations be relaxed in order to give an incentive to the vitality of the private sector.

#### Factional Strifes and Family Troubles Exposed

However, the general reaction was a cool one in spite of the reserved expression of construction industry circles. It was flatly rejected by the "financiers for the administrative reforms" with remarks like "even if it is called a government construction bond, it is not different from its being a government bond and debt." Also with regard to deregulation, the authority to issue has been transferred to local autonomous bodies from the central government agencies because local bodies do not easily turn toward the construction industry circles.

It is not strange at all that the leaders of the construction industry circles have decided to adopt "strong measures" in a defiant manner, if the low posture and discreet demands of the construction industry are not accepted. One of the strong measures may be the breaking down of the minus ceiling by mobilizing the LDP.

Moreover, another means may be a takeover of financial organizations by construction industry circles. The targeted organization was the Japan Committee for Economic Development (representative secretary, Tadashi Sasaki), a lofty entity which has pursued management ideals. Representatives from various construction and real estate development companies joined this organization before we knew it, and their voice was raised "for realistic policy planning rather than lofty management ideals."

As a result of this, activities by the Japan Committee for Economic Development in the form of proposed construction-related activities became particularly conspicuous. And financiers belonging to the idealist school who were not pleased with it deplored the possibility that "the Committee for Economic Development will be downgraded in time to become a 'Committee for Construction'." Thus in a sudden reversal, the power of the anti-construction group was revived, and the strategy of construction industry circles has not been effective so far.

There is another hidden reason behind the frustration felt by the construction industry. That is, factional strifes and family troubles have come to the

fore because of the incident of collusion. The problem of the Taisei Corporation, which has been played up recently in economic journals, falls into that category.

According to an economic journal, issues were raised with president Hajime Sako of the Taisei Corporation and his close circle when he displayed his dictatorial manner; he blurred the boundary between his public affairs and his private matters and helped create the problem of induced deposits. But the problem of the Taisei Corporation was left at that point and has not been escalated into an issue by other mass media.

Given this condition, it is reported that president Sako's group has pressed down on the anti-mainstream faction or has divided it up. Regardless of the truth of the report, the squealing to the mass media is probably still another form of mutual dragging down within the industry or of factional strife within companies.

#### Construction Power Rushing to the Manipulation of Political and Government Circles

Even of the same squealing, when squealing is done to the police as in the incident of collusion, guaranteeing the position of the squealer also, becomes uncertain. It is a normal human feeling that since the implications of squealing become prolonged thereafter, people try to avoid the squealer. Thereupon, the squealer prefers dealing with the mass media or with stockholder meeting obstructionists.

In this case the squealer unilaterally sends off the accumulated materials and evidence to the mass media or obstructionists and needs not reveal his identity. If the squealer's rivals or an opposition group is driven into difficulty, he has achieved his goal without labor. This writer has often encountered such cases.

In many cases the data provided by the squealer lack objectivity and his arguments are very emotional. Since the squealer's purpose is too clearly exposed, his data hardly become the object of reporting. Generally speaking, 1 piece out of 10 of information is worthwhile mentioning.

Be that as it may, it is not too much to say that the current construction industry circles are crowded with such squealers and inside accusers. If this condition is left unchecked, business organizations will be eaten up by "enemies within." Even from the standpoint of defending enterprises, enemies within must be extracted and eradicated.

It seems that they have come to the conclusion that they can hardly find the means to do this within enterprises, and that the only alternative is boldly to expand public works with the help of the government and the LDP to revive the construction industry as a booming one. It should be especially noted that when only construction stocks were placed outside the mosquito net when the Dow was 12,000 yen, all management of construction companies were greatly shocked.

They strongly wish that "even if we may not be the main actor in the market, at least we would like to be part of the mainstream." And since this is also a means to avoid a second or third Taisei scandal, the construction industry is forced, whether it likes it or not, to rush in to operations aimed at political and government circles.

Now, the first round in breaking down the minus ceiling led mainly by the construction industry circles seems to have been frustrated in the face of violent opposition from the financial circles and of indifference on the part of the general population. But since the construction industry circles have a lot of political clout, it is worthwhile watching how they will develop their movements and what tricks they will use in the forthcoming second and third rounds. It will become the most important focal point in the formulation of the 1985 budget.

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BRIEFS

JULY VTR EXPORTS--Tokyo, 23 Aug (KYODO)--Japan's customs-cleared videotape recorder [VTR] exports in July rose 38.6 percent over a year ago to 1,917,000 sets, according to the Finance Ministry. Exports to the U.S. jumped 2.21-fold to 1,143,000 sets, but those to the European Community dropped 20.8 percent to 299,000 sets. Shipments to Britain showed the steepest decline of 51.7 percent to 87,000 sets. However, exports to West Germany rose 3.4 percent to 154,000 sets. Exports to both the Soviet Union and China soared 2.1-fold and 4.3-fold, respectively, to 1,331 sets and 1,028 sets. [Text] [OW231305 Tokyo KYODO in English 0247 GMT 23 Aug 84]

JULY AUTO EXPORTS--Tokyo, 23 Aug (KYODO)--Toyota Motor Corp and Mazda Motor Corp Thursday reported their motor vehicle exports in July topped the year-ago levels, while Nissan Motor Co said its exports decreased from July last year. Toyota said its exports of cars, trucks, and buses last month increased 21.4 percent from July 1983 to 172,516 units--the second best monthly record after an all-time high of 174,534 units registered last April. Mazda said its exports last month hit an all-time high of 76,150 units, marking a 3-percent gain from a year earlier. The previous monthly record was 74,593 set last April. Nissan said, meanwhile, its exports decreased 3.3 percent to 130,939 units. Toyota said production in July decreased 0.1 percent from a year earlier to 301,445 units and domestic sales declined 18.8 percent to 157,057 units. Nissan's production totaled 223,985 units, down 2.8 percent, and domestic sales 116,057 units, down 12.3 percent. The output total does not include 8,459 units produced by Nissan Motor Manufacturing Corp U.S.A. in Smyrna, Tennessee. Mazda's output in July increased 2 percent from a year earlier to 104,305 units but domestic sales decreased 12.7 percent to 33,282 units. [Text] [OW231305 Tokyo KYODO in English 0742 GMT 23 Aug 84]

JULY STEEL EXPORTS--Tokyo, 23 Aug (KYODO)--Japan exported 3,049,000 tons of steel in July, up 13.3 percent over a year earlier, a preliminary industry report showed Thursday. Shipments of bars, plates, hot coils and galvanized sheets showed marked increases, reflecting rising production of autos and consumer durable goods abroad, Japan Iron and Steel Federation officials noted. Shipments to the United States alone jumped 74.3 percent to 630,000 tons. Japan's imports of ordinary steel products, on the other hand, dropped 3.1 percent to 235,000 tons. [Text] [OW231305 Tokyo KYODO in English 0745 GMT 23 Aug 84]



COMPANIES UPGRADING--Tokyo, 23 Aug (KYODO)--Japanese companies are poised to invest 5.9 percent more in new plants and equipment in fiscal 1984 than last year, indicating that business is steadily recovering, the Long-Term Credit Bank of Japan said in a survey report Thursday. Encouraged by active exports and stable oil prices, they plan to channel much of their spending into high-technology, labor-saving equipment, the bank said. The survey, carried out in mid-July, showed that manufacturing firms plan to spend 8.7 percent more and non-manufacturing firms 4.5 percent more than a year ago. Investment in semiconductor, machine tool and fine ceramics production facilities will all increase by more than 20 percent. But steelmakers, which have expanded facilities in the past, plan to cut their spending by 23.7 percent. Retailers also plan a 19.9 percent cutback on their investment. [Text] [OW231305 Tokyo KYODO in English 1002 GMT 23 Aug 84]

STANDARDIZATION OF DATA PROCESSING--Tokyo, 23 Aug (KYODO)--An advisory panel of the Ministry of International Trade and Industry Thursday called for standardization of data processing and transmission equipment to enable what it called "interoperability" among on-line systems of different hardware models. The study group for interoperability of data processing systems also proposed to promote development of, at least, compatible hardware and software. A spokesman for the panel said interoperability is the capability of data exchange and processing among information equipment and systems or their users. Under the current systems, one model is often impossible to interface or exchange data with another model. On the basis of the advice, MITI is expected to establish working groups under the panel to work out draft plans for standardization and other projects by the end of next March, ministry officials said. [Text] [OW231305 Tokyo KYODO in English 1102 GMT 23 Aug 84]

NATIONAL BOND COUPON RATE--Tokyo, 23 Aug (KYODO)--The Finance Ministry plans to lower the coupon rate on 10-year government bonds to be issued in September by 0.2 percent from the current 7.3 percent, ministry officials said Thursday. Under the ministry's plan, the issue price will also be reduced to 97.50 percent of par from the present 97.75. Some circles in the syndicate are calling for a 0.1 percent cut in the coupon rate but it is very likely that the ministry's proposal will go through in view of a firmer bond market and a proposed cut in the subscriber's yield by reducing the issue price. The yield will be lowered to 7.538 percent from the present 7.698 percent. The ministry plans to issue 600 billion yen (2.49 billion dollars) in 10-year national bonds in September. The coupon rate on such bonds for August issue was raised by 0.3 percent because of a bearish bond market, which forced suspension of issues in June and July. But the market has firmed in August, as many market analysts believe U.S. interest rates have now peaked, thus causing a sharp fall in the yield of long-term government bonds on the resale market. [Text] [OW231305 Tokyo KYODO in English 1051 GMT 23 Aug 84]

THAILAND TO ISSUE YEN BONDS--Tokyo, 22 Aug (KYODO)--The Thai Government Wednesday signed an agreement for public offering of 10 billion yen (41.3 million dollars), seven-year bonds in Japan, Nikko Securities Co, the lead manager, announced. The bonds with a coupon rate of 7.7 percent will yield 7.777 percent to subscribers. Subscriptions will be accepted between August 24 and 29 with payment to be made on August 30. The bonds, the fifth in a series offered by the Thai Government, will be listed on the Tokyo Stock Exchange. [Text] [OW221047 Tokyo KYODO in English 0721 GMT 22 Aug 84]

TOYOTA PRODUCTION GOAL REVISED--Tokyo, 22 Aug (KYODO)--Toyota Motor Corp said Wednesday that it has raised this year's car production target by 100,000 units to 3.47 million units. Japan's No 1 automaker attributed the upward revision to active exports, mainly to the United States, and better-than-expected sales at home. President Shoichiro Toyoda told a press conference that production in the first half of this year totaled 1.76 million units, 80,000 units more than originally planned. Production in the latter half is projected at 1.71 million units, 20,000 units more than earlier planned, he added. [Text] [OW221051 Tokyo KYODO in English 1017 GMT 22 Aug 84]

JULY AUTO OUTPUT RISES--Tokyo, 27 Aug (KYODO)--Japan produced 1,024,967 cars, trucks and buses in July, up 2.8 percent over a year before--the fourth straight monthly rise, according to industry figures released Monday. The Japan Automobile Manufacturers Association said domestic sales fell 10.3 percent in July from a year earlier but exports showed an estimated 11 percent surge under the lead of shipments to the U.S. Of July's output, cars accounted for 633,647 units, down 1.5 percent; trucks 385,591, up 10.4 percent; and buses 5,729, up 14.1 percent. The association also reported motorcycle production in July slumped 19.4 percent from a year before to 328,723 units, continuing its downswing for the 27th month running since May 1982. [Text] [OW271217 Tokyo KYODO in English 1010 GMT 27 Aug 84]

COAL IMPORTS AGREEMENT WITH PRC--Tokyo, 14 Aug (AFP)--Japan has agreed to slightly increase its imports of Chinese steaming coal in the fiscal year 1984 from the previous year with a de facto cut in price, reflecting a downward trend on the international coal market, it was announced today. After five days of negotiations in Tokyo, the import volume for the period between April 1984 and March 1985 was set at 2.3 million tons, up from .22 million tons for fiscal 1983, a Japanese spokesman said. Japan's Coal Development Co. and China's National Coal Import and Export Corp. also fixed the price at 40.44 dollars per ton on a free-on-board basis, unchanged from fiscal 1983, the spokesman said, but, with an upward change in the basic calorie standard of steaming coal to 6,900 from 6,800 kilocalorie per kilogram, the new price meant to show a decline of 1.5 per cent, or 0.59 dollar per ton, the real terms, he added. The Japanese firm, jointly formed by 10 electric power companies, had earlier demanded a price cut by three dollars per ton while the Chinese side called for an increase of 2.77 [word indistinct] per ton. Of the total fiscal 1984 volume, electric power companies will take 1.21 million tons, cement producers 1.05 million tons and small-lot users the rest. [Text] [OW141757 Hong Kong AFP in English 1722 GMT 14 Aug 84]

COLOR POCKET TELEVISION--Tokyo, 22 (KYODO)--A color pocket TV set with a 2-inch screen is to go on sale in Japan from August 30, Suwa Seikosha Co said Wednesday. Black and white pocket television has been available for some time but this will be the first commercially marketed color pocket TV, its makers said. The small set, 16 by 8 cm and just over 3 cm thick, weights 450 grams and will retail in Japan for 85,800 yen (about 350 dollars). Its 34.2 by 43.2 millimeter screen is a liquid crystal panel incorporating 52,800 picture elements and capable of very high quality color image resolution, a spokesman said. The pocket set, known as the Epson Televian, can also receive ultra high frequency transmission, he said. [Text] [OW221103 Tokyo KYODO in English 0920 GMT 22 Aug 84]

ISUZU MALAYSIAN AUTO STAKE--Tokyo, 10 Aug (KYODO)--Isuzu Motors Ltd. has signed an agreement to acquire a 25-percent equity stake in a Malaysian automaker, Automotive Manufacturers (Malaysia) Sdn. bhd. (AMM). An Isuzu spokesman said Friday the capital participation is in line with the Malaysian Government's policy to promote domestic auto production. He also said the Japanese automaker is hoping to expand sales of Isuzu vehicles, from passenger cars to large commercial vehicles, in that country by acquiring a state in AMM. C. Itoh and Co., a major Japanese trading house, also has a 5-percent equity stake in AMM. It has just started production, targeting annual output at 4,000 units in the initial year and 7,000 units in the third year, the spokesman said. [Excerpts] [OW100647 Tokyo KYODO in English 0255 GMT 10 Aug 84 OW]

MACHINERY EXPORTS AT RECORD LEVEL--Tokyo, 15 Aug (KYODO)--Japan's machinery exports in the first half of this year hit an all-time high of 59.4 billion dollars, marking a 22.8 percent increase from the year-earlier level, the Japan Machinery Exporters Association announced Wednesday. As a result, machinery accounted for 72 percent of the nation's total exports in the period, topping the 70 percent mark for the first time, the association said. The figures are based on customs-cleared export trade statistics compiled by the Finance Ministry. By area, exports to the United States amounted to 22.4 billion dollars, up 48.8 percent from the first half of last year. The sharp increase reflected the continuing recovery of the U.S. economy. The American demand was particularly strong for such items as automobiles, home electronic appliances, communications equipment, office equipment, industrial machinery and machine tools. Exports to the European Community increased 9.9 percent to 7.93 billion dollars with shipments to West Germany, the Netherlands and Italy showing conspicuous rises from the first half of last year. Automobiles, including parts and components, were up 10.2 percent, computers 58.8 percent, facsimile equipment 34.4 percent and typewriters up 21.3 percent. Among electronics items exported to the EC countries, integrated circuits were up 95.5 percent but television receivers were down 4.1 percent. Exports to China showed a 77.1 percent gain and those to South Korea, Taiwan and Hong Kong as a group were up 37.3 percent. Exports to Southeast Asia, the Mideast and South America decreased from the year-earlier levels. [Text] [OW151001 Tokyo KYODO in English 0932 GMT 15 Aug 84]

U.S AUTO SECURITY MARKET--Tokyo, 20 Aug (KYODO)--Alpine Electronics Inc, a major Japanese expensive audiodisk maker, said Monday it has put on the U.S. market a new automobile security system to prevent a car from being stolen. A company spokesman said the integrated circuit-based system is sold through Alpine's California-based subsidiary, Alpine Electronics of America, with new sales expected to begin in Canada and Europe next year. By cashing in on its hefty market share in the U.S. car audio equipment field, Alpine wants to occupy about 20 percent of the U.S. security market, which is said to have the size of 100 million dollars a year. Alpine's system comes in three types with price ranging from 250 dollars, 300 dollars and 450 dollars. The company also plans to enter the popular car telephone system field in the U.S. this fall. [Text] [OW200401 Tokyo KYODO in English 0315 GMT 20 Aug 84]